



# **Delaware Nonprofits and the Impact of Executive Orders and Federal Policy Changes**

February 20, 2025

## Summary

On January 28, the Federal Office of Management and Budget issued an order to freeze all federal funding. To understand the impact of this directive, and that of other recent federal executive orders, DANA, the Delaware Alliance for Nonprofit Advancement, issued a survey, collecting feedback through February 7th.

Delaware nonprofits have shared the following expected impacts to their organizations and the people they serve should their federal funding be reduced or eliminated. These groups affect the daily lives of tens of thousands of Delawareans, providing vital assistance to at-risk and vulnerable populations, including seniors, children, new mothers, the unhoused, and those dealing with substance use issues.

For many of these groups, federal funding is a lifeline that allows them to continue serving these residents. Any decrease or elimination in funding could be catastrophic. Should these organizations close their doors, seniors would go hungry, people facing mental health crises would not have critical assistance, at-risk children would be more vulnerable to abuse, justice-involved individuals would be far more likely to re-offend, and sexual assault survivors would be forced to deal with their trauma alone.

According to IRS tax data for 2021 ([SHARE Delaware.org](https://www.share-delaware.org)), Delaware nonprofits receive more than \$1 billion in local, state, and federal government grants. Not all survey respondents provided data on the impact of federal funds being withheld, but of the 44 % who did, more than \$229 million would be lost should federal funding be withheld. And these funds directly benefit more than 500,000 individuals. The federal resources are distributed through grants and contracts either directly to Delaware nonprofits, or through a pass-through grant or contract with the State of Delaware, county, or municipality. Nearly all – 96% – of these potentially lost funds would adversely financially impact the organizations in this fiscal year.

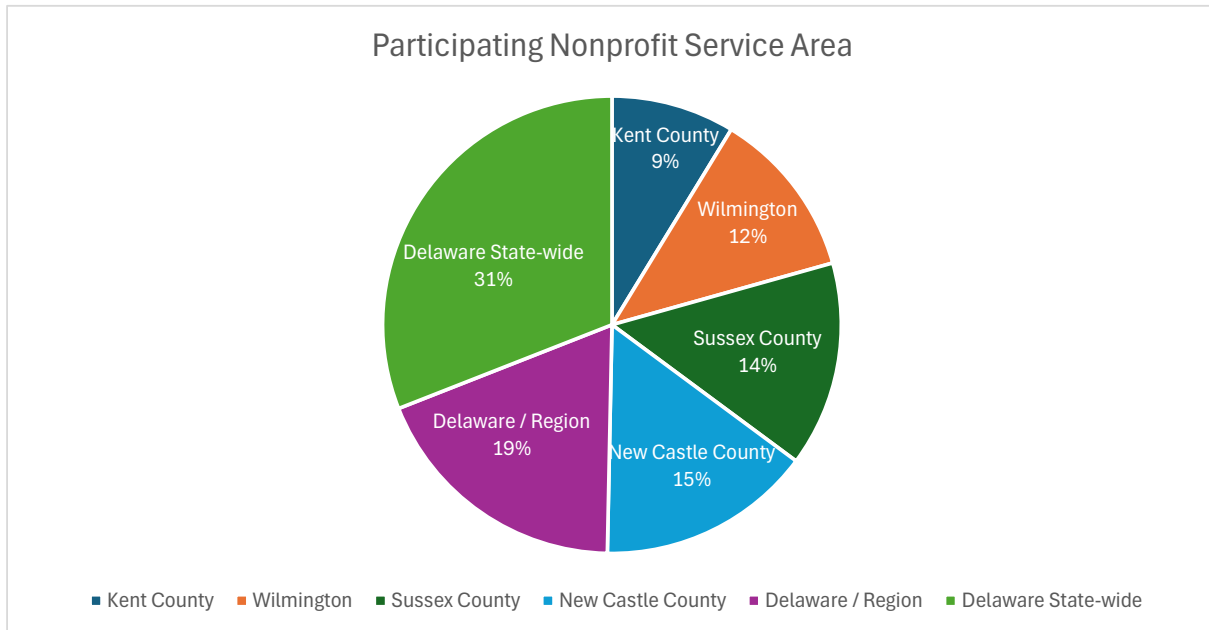
## Methodology

The survey was issued via online and distributed through DANA's newsletter, and by DANA partners, the Delaware Community Foundation, the United Way of Delaware, and Philanthropy Delaware. In addition, several foundations also sent the survey to their grantees.

DANA received more than 400 responses; however, several were not completed. After removing those, slightly more than 300 survey responses were analyzed. These respondents represent hundreds of nonprofit organizations in all three counties that serve more than 500,000 residents through entities such as senior centers, childcare facilities, shelters, addiction programs, and the arts.

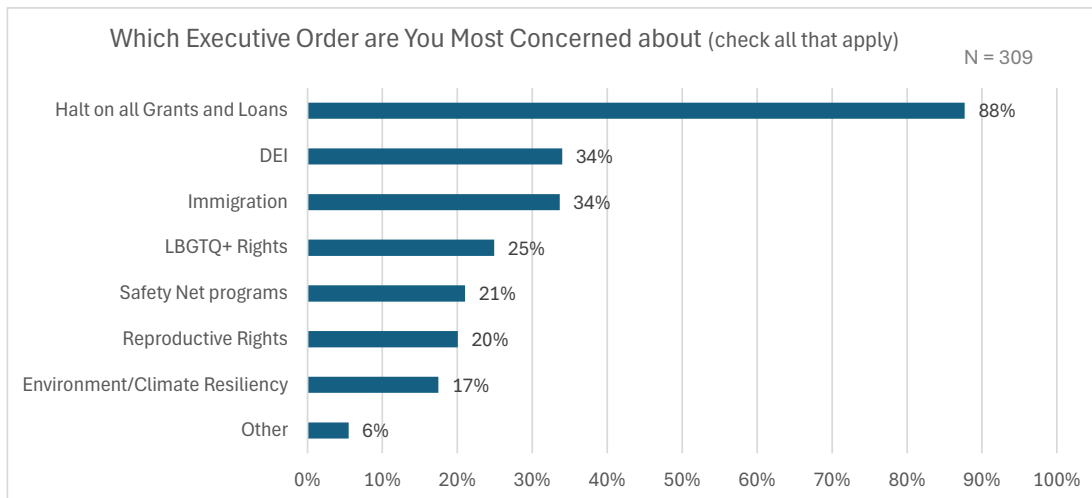
## Who Participated in the Survey

All Delaware nonprofits were invited to participate in the survey and were asked which geography they serve.



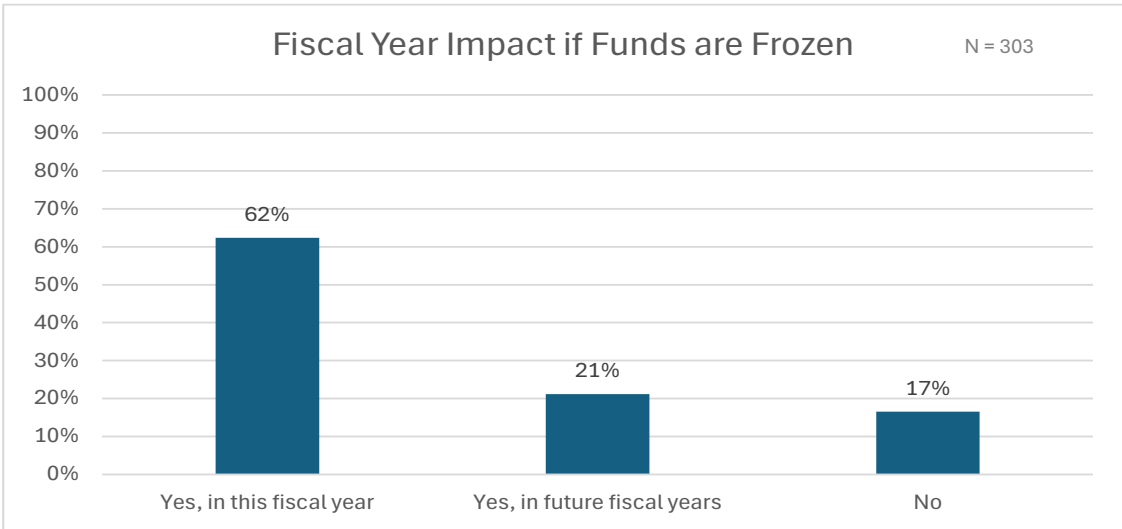
## Which Executive Orders Creates the Most Concern

Given the survey was deployed after the release of the Office of Management and Budget’s memo on freezing funding, it is not surprising that many respondents expressed concerns about the halt to funding. Executive Orders related to DEI and Immigration were concerns for a third of respondents. Some respondents also wrote in their concerns about Education.

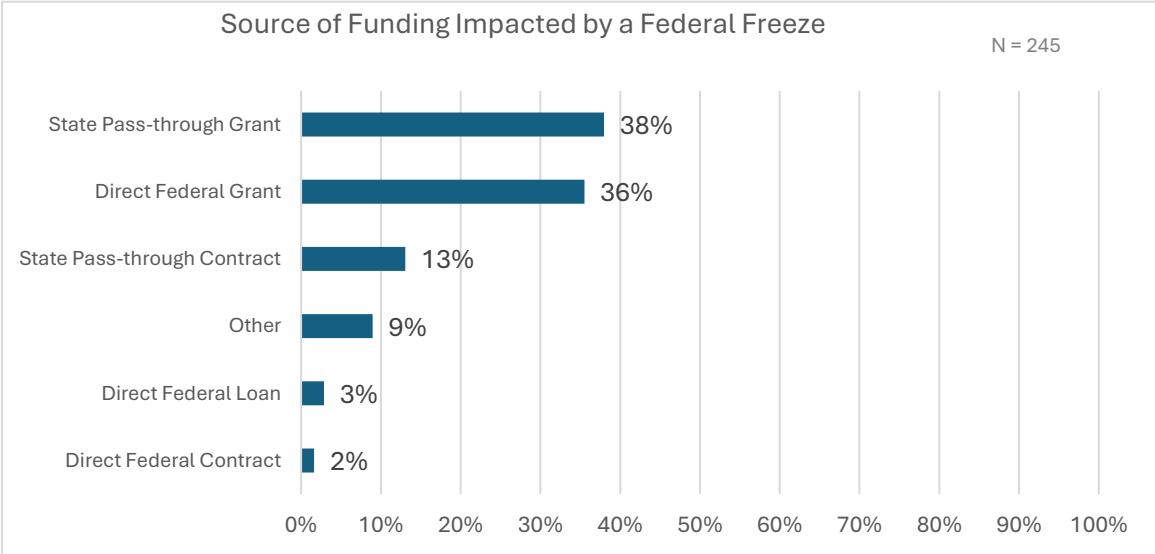


# Federal Funding Freeze Impacts

More than half of those who responded indicated the funding freeze would impact their current fiscal year, meaning that these executive orders would have an immediate detrimental effect.



For those respondents that indicated they would be impacted if federal funds were frozen, a little over a third (38%) source their funds through the State of Delaware, while another third (36%) directly receive funds from the Federal government.



Half of those who marked “other” listed federal funds that passed through another grantee or through a county or municipality. The rest of the comments referred to state-allocated funds and philanthropy that may be impacted if all federal funds in Delaware are eliminated or reduced.

The sources of federal funds were sourced from many different agencies and included: the Department of Education, Department of Health, Department of Labor, Department of Justice,

USDA, the Office of Management and Budget, EPA, Federal Block Grants, Small Business Administration, Department of Justice, National Foundation of Arts and Humanities, Institute of Museum of Library Services, and Housing and Urban Development.

Of the respondents who indicated there would be a fiscal impact, 44% provided dollar amounts totaling **\$229 million in direct federal funding and federal pass-throughs funds from the state, county, or a municipality that would be frozen**. Most of these funds, \$211 million, would be lost this fiscal year.

## Concerns Regarding the Impacts on People

The funds the federal government distributes ultimately benefit Delawareans. The respondents who provided data indicated the collective federal resources would directly impact more than 500,000 residents.

The survey asked respondents beyond the funding losses, how the executive orders would impact their organization and those they serve. Many indicated that services would be discontinued, staff would be laid off, and in some cases, the organization was not sure it could remain open. However, for many, the bigger concern was for the people they serve. A range of issues were raised:

- Reduced access to vital services for health, housing, food, security, education, arts and culture.
- Mental health and trauma experienced by those who are losing access to services.
- Fear and harassment of immigrants, whether documented or undocumented.
- Loss of housing.
- Learning loss.
- Inability to get a job.
- Environmental impacts.

It should also be noted that the services nonprofits provide are interconnected with programs and support that local and state government offer. Should government programs be reduced or eliminated, this could drive more people to access nonprofit services, thus greatly increasing demand. For example, should school lunch and breakfast funds be reduced or eliminated, nonprofits may be expected to step in.

## How DANA Can Help Nonprofits During this Time

The final question asked survey participants in what way they would like to see DANA assist them. Advocacy and information sharing were the top responses. Some nonprofits acknowledged that with federal funding sources diminishing, they would need assistance identifying other sources of funding.